



碧生源控股有限公司

Besunyen Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 926

2013 Interim Results Corporate Presentation

August 2013

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Agenda

- ❖ **Key Achievement**
- ❖ **Financial Highlights**
- ❖ **Business Review**
- ❖ **Future Plans**
- ❖ **Q & A**

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Key Achievement



Key Achievement

No. 1 Market Share	<p>The No.1 leading provider of therapeutic tea products in PRC under the self-owned brands “Besunyen”</p> <ul style="list-style-type: none">• Market share of 20.8% in laxative products in 2012• Market share of 32.5% in slimming products in 2012 (According to SMERI in Feb 2013)
Extensive Retail Distribution Network	<p>One of the largest retail distribution networks in PRC</p> <ul style="list-style-type: none">• 126,000 retail outlets• 118,000 are retail pharmacies and 8,000 are supermarkets, hypermarkets and chain stores
Ongoing Development of E-commerce Business	<p>Enhance brand awareness among young shoppers</p> <ul style="list-style-type: none">• Self-owned retail website: 7cha.com• Popular e-commerce platforms: Tmall (1H2013 total sales revenue increased by over 25% compared with 1H2012), 360buy, Dangdang, Amazon.cn, Yihaodian, Lefeng



Financial Highlights



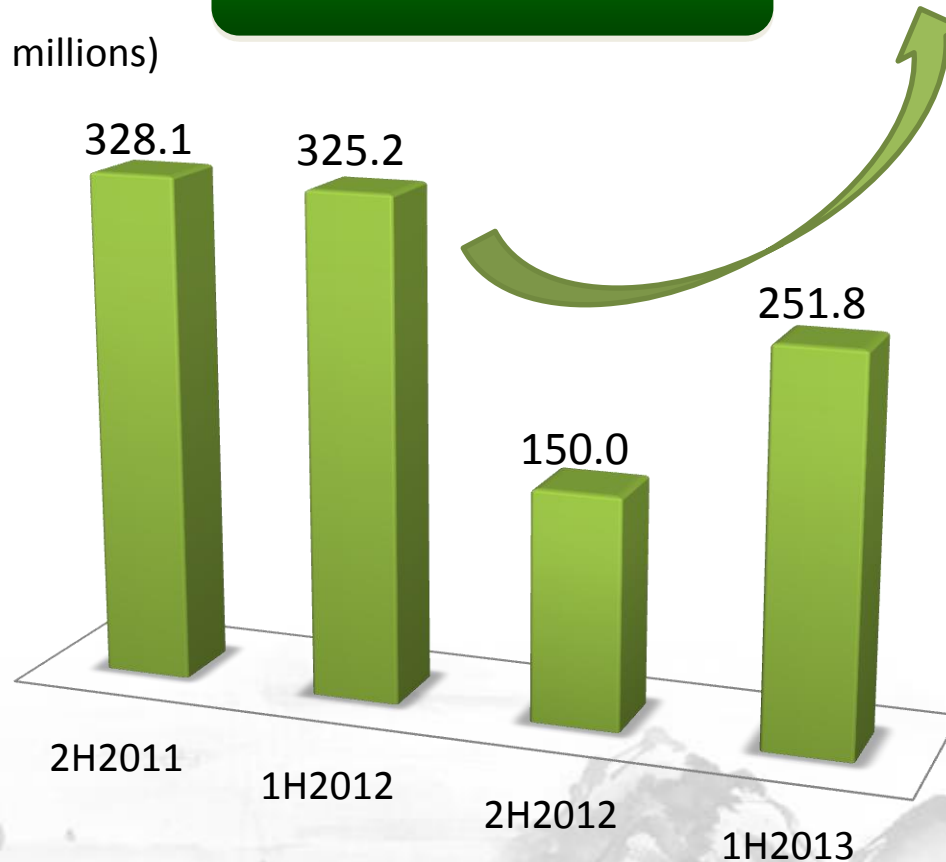
Income Statement Highlight

('000 RMB)	1H2013	1H2012	Changes (%)
Revenue	251,802	325,157	(22.6%)
Gross profit	216,799	279,538	(22.4%)
<i>Gross margin</i>	86.1%	86.0%	+0.1ppt.
Operating loss	(370)	(127,380)	(99.7%)
Loss on disposal of a subsidiary	-	(6,700)	(100%)
Impairment loss recognized in respect of property, plant and equipment	-	(20,256)	(100%)
Loss before taxation	(370)	(154,336)	(99.8%)
Net loss	(4,576)	(167,554)	(97.3%)
Loss per share (Basic)(unit:RMB)	(0.30)cent	(10.42)cents	(97.1%)
Loss per share (Diluted)(unit:RMB)	(0.30)cent	(10.42)cents	(97.1%)

Financial Performance- Early Stage of Recovery

Revenue

(RMB in millions)



1H: For the six months ended 30 June

2H: For the six months ended 31 Dec

Expense Rates

('000 RMB)	1H2013	% of revenue	1H2012	%of revenue	Change(%)
Other income	14,300	5.6%	8,508	2.6%	68.1%
Selling and marketing expenses	(165,834)	65.9%	(355,109)	109.2%	(53.3%)
-Advertising expenses	(68,525)	27.2%	(232,399)	71.5%	(70.5%)
Administrative expenses	(55,095)	21.9%	(53,319)	16.4%	3.3%
R&D costs	(4,833)	1.9%	(7,263)	2.2%	(33.5%)
Loss on disposal of a subsidiary	-	-	(6,700)	2.1%	(100%)
Impairment loss recognized in respect of property, plant and equipment	-	-	(20,256)	6.2%	(100%)

Efficiency of Working Capital

(Days)	For the six months ended 30 June 2013	For the year ended 31 Dec 2012
Inventory turnover days	55	36
Trade receivables and bills receivables turnover days	16	94
Trade receivables turnover days	8	13
Trade payables and trade bills payables turnover days	70	22

Balance Sheet, Cash Position and CAPEX

('000 RMB)	As of	
	30 June 2013	31 Dec 2012
Cash & cash equivalents	385,318	447,478
Term deposit with initial term of over three months and pledged bank deposits	127,505	-
Total	512,823	447,478
Bank loans	-	-
Current ratio	3.00X	4.07X
Leverage ratio⁽¹⁾⁽²⁾	Net Cash	Net Cash

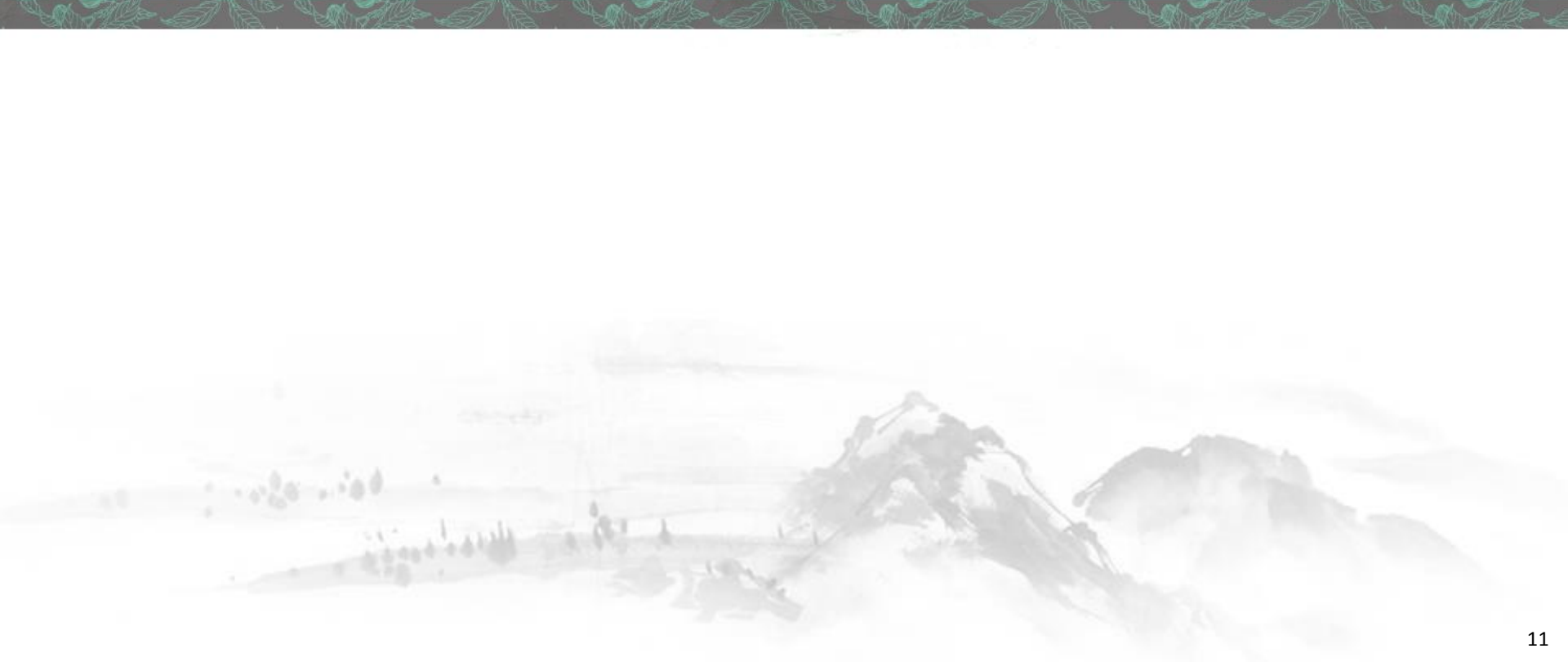
Note: (1) Debt = Bank loans + Convertible redeemable preferred shares – Cash & cash equivalents

(2) Leverage ratio = Debt / Total assets

('000 RMB)	For the six months ended	
	30 June 2013	30 June 2012
Net Cash from/ (used in) operation activities	87,030	28,394

('000 RMB)		
	1H2013	1H2012
CAPEX	20,616	30,799

Business Review



Current Product Portfolio

Health Food



Besunyen Slimming Tea



Besunyen Detox Tea



Mei An Granules

Tea Beverage



Lemon and ginger



Ginger Tea



Chrysanthemum
and Goji



Rose Black Tea



Royal Chrysanthemum
Green Tea

Extensive Retail Distribution Network

Integrated Sales Channels

About 118,000
Retail Pharmacies

About 8,000
Supermarkets
and Hypermarkets
(KA)

E - Commerce



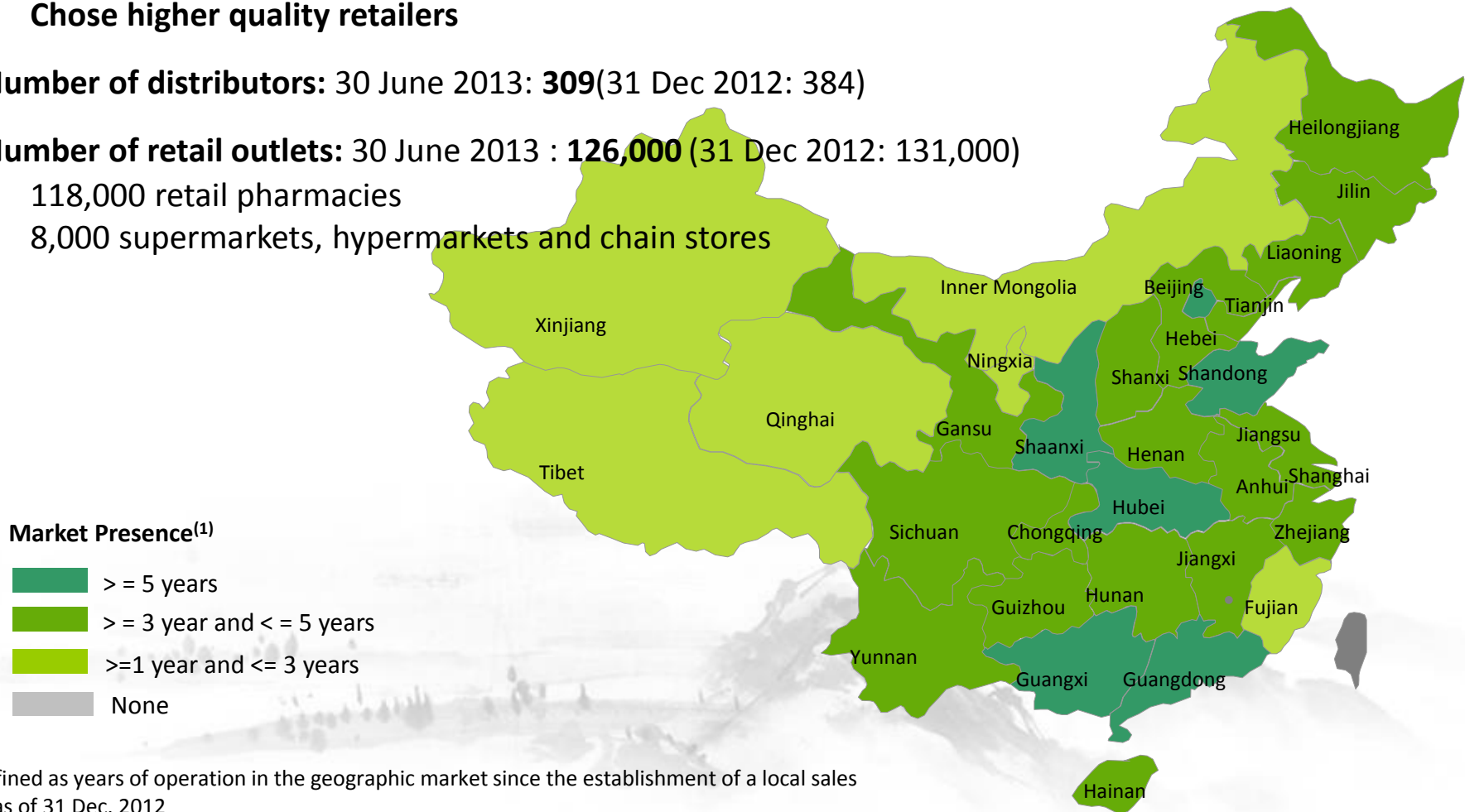
Extensive Sales Network

- Restructure sales organization across China to increase work efficiency through a more streamlined sale management team.
- Selecting distributors with well-developed sales networks and good distribution capacity, and also removed under-performing distributors
- Chose higher quality retailers

Number of distributors: 30 June 2013: **309**(31 Dec 2012: 384)

Number of retail outlets: 30 June 2013 : **126,000** (31 Dec 2012: 131,000)

- 118,000 retail pharmacies
- 8,000 supermarkets, hypermarkets and chain stores



(1) Defined as years of operation in the geographic market since the establishment of a local sales team, as of 31 Dec, 2012

Broadened Market



Sales and Marketing

Build “Besunyen” brand

- Carried out “Three Screens” program utilizing advertising platforms on TV, the Internet and public transportation.
- Sponsorship of “King Wang” (大王小王) on Hubei Satellite TV, University Advertisement Art Show-Academy Award (大學生廣告藝術節學院獎), “Keep the Earth Blue, Carbon Low in China” (留住蓝色地球之美丽中国低碳行)
- Set up the Besunyen Public Fund(碧生源缘公益基金)



Ongoing Development of E-commerce Business

- Besunyen products are extensively sold on its own retail website 7cha.com and other popular e-commerce platforms, such as Tmall, 360buy, Dangdang, Amazon.cn, Yihaodian (一號店) and Lefeng (樂蜂網)

7cha.com

Over **100,000 registered users** to date

The Group's own e-commerce website

www.7cha.com



Tmall

Total sales revenue increased by over 25% for the six months ended 30 June 2013

Other popular B2C e-commerce platforms

Tmall

360 Buy

Dangdang

Amazon



Yihaodian



Lefeng

Our online marketing campaigns worked in collaborations with traditional media to improve brand awareness among young shoppers

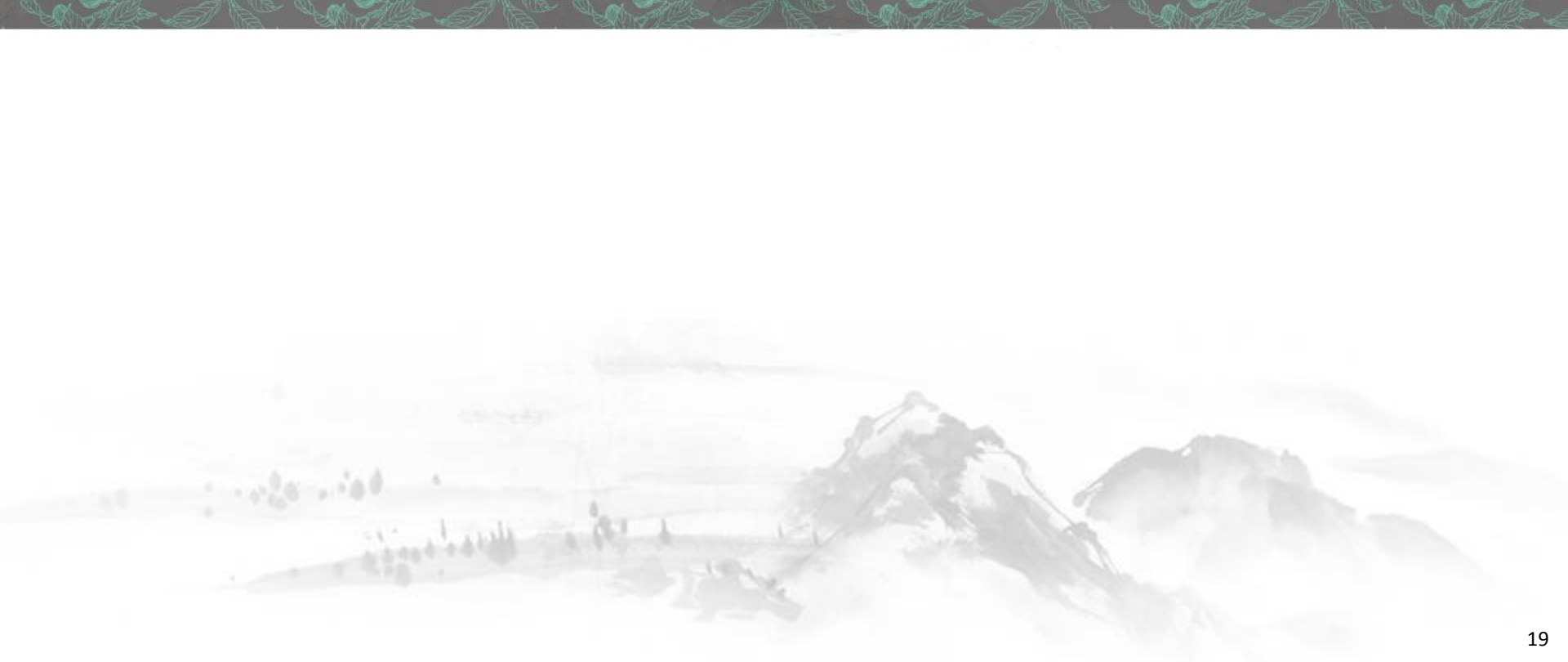
Strived for New Products Launch - Maishuping

An OTC medicine teabag product which helps stabilize blood pressure

- In February 2013, the Group acquired a GMP certificate from the CFDA for Maishuping's teabag production
- **Clinical trials** in 4 large hospitals in China showed that the overall **product function efficacy** of Maishuping among 300 people who took the medicine reached **96%**
- The Group has been refining the production process for Maishuping in order to realign with the higher standards set by CFDA.
- Positioning and marketing strategies of Maishuping have been well in place

Notes: (1) China Food and Drug Administration of China (“CFDA”国家食品药品监督管理局)

Future Plans



Outlook

Promising Long-Term Industry Growth

- China will enter into a slower but more sustainable growth phase.
- Long term trend of rapid urbanization and increasing disposable income in China will escalate consumer demand for health and healthy lifestyle products, in turn offering better long term market potential for detox and slimming as well as other new product of the Group
- The China Health Care Association held a conference in June 2013 in Beijing to help eliminate four illegal activities within the health food industry. The initiatives offer more room for growth of leading health food enterprises like Besunyen.



Remain cautious on the Group's performance in the second half of 2013

Growth Strategies

As a LEADING brand and provider of therapeutic tea products in China, the Group strives to maintain its leading position and business growth in the market

Enhance sales network and distribution channels

Build “Besunyen” brand



Development of pipeline products

New products to combine modern ways of brewing with the self-cure functionality

Improve overall operation efficiency, and cost control

Our vision is to build the Besunyen brand as a Chinese household brand, to promote its function in curing ailments of our customers and instill the enjoyment of a green lifestyle among them.

Q & A



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